



DAVID E. JANSSEN  
Chief Administrative Officer

## County of Los Angeles CHIEF ADMINISTRATIVE OFFICE

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April 13, 2004

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

### **TECHNICAL CORRECTIONS TO THE FLEXIBLE BENEFIT PLANS REQUIRED UNDER THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA) (3 VOTES)**

#### **JOINT RECOMMENDATION WITH THE DIRECTOR OF PERSONNEL THAT YOUR BOARD:**

Approve the attached ordinance amending the flexible benefit plans to add language relating to the privacy of employee Flexible Spending Accounts as required under the privacy regulations promulgated under the Health Insurance Portability and Accountability Act of 1996 (HIPAA).

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The purpose of the recommendation is to implement technical corrections to the County's flexible benefit plans in order to bring the County into compliance with recent Federal law and regulations pertaining to the privacy of health care spending accounts. The plans affected are the Flexible Benefit Plan, the MegaFlex Benefit Plan, the Choices Plan, and the Local 660 Options Plan (collectively referred to as the "Plans").

The Health Care Spending Accounts under each of the Plans constitutes a "small health plan" under HIPAA. As such, the Plans will become subject to HIPAA's privacy regulations effective April 14, 2004. Therefore, Chapters 5.30, 5.35 and 5.37 of the County Code need to be amended to bring the Plans into compliance with HIPAA.

Board of Supervisors  
GLORIA MOLINA  
First District

YVONNE BRATHWAITE BURKE  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

### **Implementation of Strategic Plan Goals**

The recommended action is consistent with and promotes the principles of the Countywide Strategic Plan Goal 2; Workforce Excellence by protecting the privacy of employee health information.

### **FISCAL IMPACT/FINANCING**

None

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

In order to comply with the HIPAA Privacy Regulations, the Plans must be amended to (1) prohibit the use or disclosure of Protected Health Information (PHI) other than as permitted or required by HIPAA; (2) to permit the use and disclosure of PHI only in accordance with HIPAA and the Plans' respective policies and procedures; and (3) to restrict the access and use of the Plans' PHI to certain employees and classes of employees and other persons under the County's control.

The accompanying ordinance brings each of the Plans into HIPAA compliance. For the Flexible and MegaFlex Benefit Plans, the health care spending accounts are created under Chapter 5.30 of the County Code, the County of Los Angeles Health Care Reimbursement Plan. For the Choices Plan, the health care spending accounts are established under Chapter 5.35, the Choices Health Care Spending Account Plan. For the Options Plan, the health care spending accounts are under Part 3 of Chapter 5.37, titled, The Local 660 Health Care Spending Account of The Local 660 Cafeteria Program

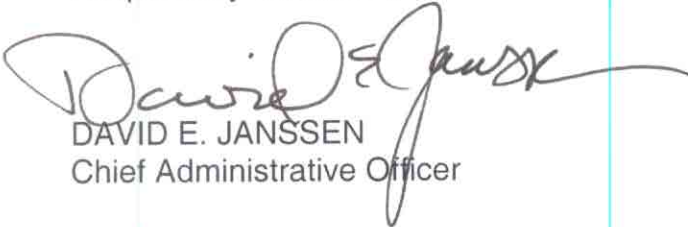
The accompanying ordinance has been reviewed as to form by the County Counsel.

Honorable Board of Supervisors  
April 13, 2004  
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**IMPACT ON CURRENT SERVICES**

County employees and their spouses and dependents will receive improved privacy of their protected health information and the Plans will comply with applicable Federal privacy law.

Respectfully submitted,



DAVID E. JANSSEN  
Chief Administrative Officer



MICHAEL J. HENRY  
Director of Personnel

DEJ:MJH  
WGL:CO:lg

Attachments (1)

c: County Counsel  
Executive Officer, Board of Supervisors  
Chief Information Office  
Auditor-Controller